

## Business & Economic article Links (September 2013)

1.

**Title:** [Intergovernmentalism and Its Limits: Assessing the European Union's Answer to the Euro Crisis](#)

**Authors:** Fabbrini, Sergio

**Source:** Comparative Political Studies; September 2013, Vol. 46 no. 9, Pp. 1003-1029

**Abstract:** The Lisbon Treaty has institutionalized a dual constitution, supranational in the single market's policies and intergovernmental in (among others) economic and financial policies. The extremely complex system of economic governance set up for answering the euro crisis has been defined and implemented on the basis of the intergovernmental constitution of the EU. The euro crisis has thus represented a test for the validity of the intergovernmental constitution of the Lisbon Treaty. Although the measures adopted in the period 2010-2012, consisting of legislative decisions and new intergovernmental treaties, are of an unprecedented magnitude, they were nevertheless unable to promote effective and legitimate solutions for dealing with the financial crisis. In the context of an existential challenge, the intergovernmental approach faced a structural difficulty in solving basic dilemmas of collective action.

**Note:** doi: 10.1177/0010414013489502

**Database:** *SAGE Journals*

2.

**Title:** [Economic Drivers and Cultural Values: The 3G Countries](#)

**Authors:** Borker, David R.

**Source:** Journal of American Academy of Business, Cambridge; September 2013, Vol. 19, Issue 1, Pp. 9-1

**Abstract:** Recently, Buitter and Rahbari (2011) developed a Global Growth Generator or 3G index for identifying high growth countries based on six specific growth drivers. The index enables the determination of which countries are expected to show the strongest economic growth from 2010 through 2050. Eleven 3G countries are identified, of which India and China have received attention previously as members of the BRIC countries. The remaining nine 3G countries are Bangladesh, Egypt, Indonesia, Iraq, Mongolia, Nigeria, Philippines, Sri Lanka, and Vietnam. This paper seeks to shed light on the cultural/business mindset in these countries, using survey data and concepts of a pioneer in international cultural values research, Geert Hofstede. His work has provided a framework for many studies of the potential impact of cultural values on management and business in various countries. A comparative analysis of the eleven 3G countries is conducted. First, each 3G country is examined for Hofstede's six cultural dimensions, and compared with other members of the group to find insights into the specific and shared value characteristics of these countries that may affect economic growth. Cultural profiles are developed that suggest the long-term economic success of these countries to coincide with economic based growth predictions. [PUBLICATION ABSTRACT]

**Database:** *ABI/INFORM Complete*

### 3.

**Title:** [How expensive is the implementation of rural development programmes?](#)

**Authors:** Fährmann, Barbara and Grajewski, Regina

**Source:** European Review of Agricultural Economics; September 2013, Vol. 40, Issue 4, Pp. 541-572.

**Abstract:** This paper discusses the results of an evaluation of rural development (RD) programmes (RDPs) in five German states. It focuses on two issues: the relevance of implementation costs (ICs) in the context of RD policies and the development of a methodological approach to determine and consider them within evaluation studies. Two theories guide the discussion: (i) high ICs increase the overall cost of the programme and thus reduce the funding efficiency and (ii) high ICs increase the practical efficiency of programmes because they are associated with more targeted and more effective measures. The empirical results associated with this study support both of these theories in a number of respects.

**Note:** [Special Section on Evaluating the Effectiveness of Agricultural and Rural Policies](#). doi: 10.1093/erae/jbs045

**Database:** *Oxford Journals Online*

### 4.

**Title:** [Evaluating the effectiveness of agricultural and rural policies: an introduction](#)

**Authors:** Esposti, Roberto and Sotte, Franco

**Source:** European Review of Agricultural Economics; September 2013, Vol 40, Issue 4, Pp. 535-539.

**Abstract:** Over the last two decades, policy evaluation has emerged as a sub-discipline in its own right within social sciences. Also the attention of political institutions has sharply increased in this respect, particularly as regards agricultural and rural policies, since they are persuaded that any future development in policy making should be necessarily grounded on a rigorous and systematic evaluation work. In the case of the Common Agricultural Policy (CAP), the European Commission (and the DG Agriculture, in particular) publishes its own evaluation analyses and reports, produces its methodological guidelines and encourages (and funds) the scientific community to carry out independent and rigorous programme evaluation studies (European Commission, 2006; EENRD, 2010).

Two overlapping factors may explain this increasing interest for policy evaluation studies. On the one hand, the scientific community has increasingly recognised policy evaluation as a legitimate scientific challenge, also in the specific fields of agricultural economics and rural studies, and has progressively developed a sophisticated toolbox in this respect (Imbens and Wooldridge, 2009). On the other hand, however, policy evolution in these fields has significantly increased the complexity of this evaluation, which has led to the expansion of the amount of evidence policy design needs to better pursue its objectives. In many developed countries (and, in particular, in the EU), agricultural and rural policies have been progressively reformed with the aim of assigning them new and multiple objectives. The emphasis on agricultural and rural policies as multipurpose policies, allegedly aiming at (and/or justified by) the provision of a large set of heterogeneous public goods, will be likely confirmed and reinforced even in the next decade. Multiple and

heterogeneous goals, however, make the evaluation of policy effectiveness an even more complex task. Evaluation is expected to look at all the declared policy objectives and to take properly into ...

**Note:** [Special Section on Evaluating the Effectiveness of Agricultural and Rural Policies](#). doi: 10.1093/erae/jbt014

**Database:** *Oxford Journals Online*

5.

**Title:** [Policy impact analysis in competitive agricultural markets: a real options approach](#)

**Authors:** Feil, Jan-Henning, Musshoff, Oliver and Balmann, Alfons

**Source:** European Review of Agricultural Economics; September 2013, Vol. 40, Issue 4, Pp. 633-658.

**Abstract:** In consequence of strong changes in general economic conditions, adjustments in the agricultural sector can be expected. To date, however, there are only few policy impact analyses on agricultural investments in a dynamic-stochastic context. The objective of this paper is to develop a real options market model which allows the impact assessment of different political schemes. The model combines genetic algorithms and stochastic simulation. Simulations of the model show that investment subsidies and production ceilings are preferable to price floors because the welfare is less reduced for a given stimulation of the willingness to invest.

**Note:** [Special Section on Evaluating the Effectiveness of Agricultural and Rural Policies](#). doi: 10.1093/erae/jbs033

**Database:** *Oxford Journals Online*

6.

**Title:** [Business in troubled waters: Does adverse attitude affect firm value?](#)

**Authors:** Park, Jung Chul, Sarkar, Dipanwita, Sarkar, Jayanta, and Yost, Keven

**Source:** Journal of Corporate Finance, Volume 22, September 2013, Pages 221–235

**Abstract:** This paper investigates the relationship between US MNCs' valuations and anti-Americanism in countries where MNCs' foreign subsidiaries are located. We find that MNCs suffer value-destruction when they enter markets where people express severe anti-Americanism. However, we uncover that geographic diversification into these high anti-Americanism countries significantly increases firm value if the MNC has high levels of intangibles such as technological know-how and marketing expertise. Our findings are consistent with the notion that the advantages from internalizing the cross-border transfer of intangibles are greater when barriers to competition are higher.

**Note:** <http://dx.doi.org/10.1016/j.jcorpfin.2013.05.004>

**Databases:** *ScienceDirect*

7.

**Title:** [The Impact of the Outsourcing of IT on Firm Performance: An Empirical Study](#)

**Authors:** Agrawal, Pushpa and Haleem, Abid

**Source:** International Journal of Management; September 2013, Vol. 32 Issue 1, Pp.121-139.

**Abstract:** Outsourcing information technology (IT) has emerged as an effective strategy for increasing efficiency and enhancing competitiveness. We used audited financial data compiled from financial statements and capital markets to investigate the performance and value of 90 outsourcing announcements from 79 publicly traded firms that outsourced their IT activities between 1986 and 2009 over a four-quarter period after their outsourcing announcements. Our study covers a range of disciplines in business: accounting, economics, finance, information technology, strategy, and supply chains. We evaluated cost efficiency, productivity, profitability, growth, cash management, market ratio, and the market value. In the pre-event performance, the performance of outsourcing and non-outsourcing firms were almost the same in the four quarters prior to firms outsourced the IT activity. In the post-event performance during the four-quarter period after the firms made the IT outsourcing announcements, the firms improved their performance on almost all parameters. [ABSTRACT FROM AUTHOR]

**Database:** *Business Source Complete*

8.

**Title:** [Conflicting Theories in Finance and Law](#)

**Authors:** Margotta, Donald

**Source:** Journal of American Academy of Business, Cambridge ; September 2013, Vol. 19 Issue 1, Pp. 1-8

**Abstract:** Legal theory and finance theory intersect in numerous areas. They complement each other in some cases, but in cases where they conflict they send mixed signals to courts and corporate managers, especially in issues surrounding mergers, tender offers, and certain corporate governance issues. It is important that courts and managers understand when and why these theories conflict to help them choose the appropriate theory to follow under the circumstances, and for legal and finance researchers to understand to help guide research that may reconcile them. This paper examines several areas where the theories conflict and explores why they conflict. [PUBLICATION ABSTRACT]

**Database:** *ABI/INFORM Complete*

9.

**Title:** [Patterns of Welfare Dependence before and after a Reform: Evidence from First Generation Immigrants and Natives in Germany](#)

**Authors:** Riphahn, R. T. and Wunder, C.

**Source:** Review of Income and Wealth; September 2013, Volume 59, Issue 3, Pp. 437-459

**Abstract:** This paper studies the patterns of welfare dependence among first generation immigrants and natives in Germany before and after a substantial recent reform of the welfare system. Using data from the German Socio-Economic Panel Study, the analysis presents life cycle trajectories of transfer receipt for immigrants and natives and studies the correlation between contextual factors and transfer receipt. We find no statistically significant differences in the probability of transfer

receipt between immigrants and natives once socioeconomic characteristics are taken into account. Being a single parent, labor market status, and human capital are most closely correlated with the incidence of transfer receipt for both natives and immigrants. Interestingly, recent welfare reforms did not reverse prior patterns of welfare dependence.

**Note:** doi: 10.1111/j.1475-4991.2012.00518.x

**Databases:** *Wiley Online Journals*

## 10.

**Title:** [Marketed outputs and non-marketed ecosystem services: the evaluation of marginal costs](#)

**Authors:** Sauer, Johannes and Wossink, Ada

**Source:** European Review of Agricultural Economics; September 2013, Vol. 40, Issue 4, Pp.573-603.

**Abstract:** We provide a new approach for assessing the cost effectiveness of green payment schemes. We allow for complementary, supplementary and competitive relationships between agricultural production and non-marketed ecosystem services generation. Our theoretical model distinguishes three theoretical cases depending on the minimum level of the non-marketed ecosystem services. These cases are empirically investigated using a flexible transformation function and farm-level panel data from the UK. We find that the biophysical connections between the non-marketed ecosystem services and market activities have important implications for marginal costs.

**Note:** doi: 10.1093/erae/jbs040

**Database:** *Oxford Journals Online*

## 11.

**Title:** [Small and Medium Sized Enterprises in the Global Economy](#)

**Authors:** Diehl, Jason, Toombs, Leslie and Maniam, Balasundram

**Source:** Journal of American Academy of Business, Cambridge; September 2013, Vol. 19 Issue 1, Pp. 45-51

**Abstract:** As the rate of globalization and its impact on the economy continues to grow, small and medium-sized enterprises (SMEs) have had to address these changes. SMEs have evolved over time to accept and adapt to globalization and its economic effects. This paper looks specifically at the impact of globalization on SMEs and provides direction for their competitive strategies. With the information gathered, SMEs' competitiveness in today's globalized economy offers promising prosperity for growth; but, numerous challenges must first be overcome to attain this promise. The flexibility and innovativeness of technological advancements and their applications used by SMEs will be explored, as well as policies that will promote SMEs' competitiveness. Moreover, the focus on niche marketing as a competitive strategy is discussed. Technological capabilities allow market competitiveness to be more directive and opportunistic. In addition, SMEs are becoming more interdependent, instead of independent. This paper also examines how this interdependency enables SME growth and competitiveness to reach advanced levels. SMEs' competitiveness in the globalized economy involves the extensive use of

strategy, and the view that obstacles are no longer viewed as disadvantages but as advantages. With their uniqueness in mind, a conclusion will be formed to determine if SMEs have the competitive drive to survive and thrive in an age of globalization. [PUBLICATION ABSTRACT]

**Database:** *ABI/INFORM Complete*

12.

**Title:** [Similarities and differences among cross-border M&A and greenfield FDI determinants: Evidence from Asia and Oceania](#)

**Authors:** Nagano, Mamoru

**Source:** Emerging Markets Review; September 2013, Volume 16, Pp. 100–118

**Abstract:** Firms choose either cross-border M&A or greenfield foreign direct investment (FDI) when expanding their operations overseas. In this study, by focusing on Japanese firms pursuing FDI in emerging countries in Asia and Oceania, we provide empirical evidence of the similarities and differences in cross-border M&A and greenfield FDI determinants. We derive the following four main conclusions. First, an increase in host-country population size and decreases in per capita income and corporate tax rates generally attract both inward cross-border M&A and greenfield FDI to the host country. Second, however, a home-country firm tends to choose cross-border M&A rather than greenfield FDI when the host country sufficiently implements shareholder rights laws and the firm tends to choose greenfield FDI rather than cross-border M&A when the host country adequately enforces intellectual property rights laws. Third, a firm tends to choose greenfield FDI when the firm already has regional networks in the host country and choose cross-border M&A when the purpose of the firm's overseas operations is to establish sales distribution channels. Finally, a firm pursuing cross-border M&A experiences higher cumulative abnormal returns in its stock prices following the investment, while a firm pursuing greenfield FDI experiences increases in its stock prices immediately before the investment.

**Note:** <http://dx.doi.org/10.1016/j.ememar.2013.04.001>

**Databases:** *ScienceDirect*

13.

**Title:** [How far do shocks move across borders? Examining volatility transmission in major agricultural futures markets](#)

**Authors:** Hernandez, Manuel A. Ibarra, Raul and Trupkin, Danilo R.

**Source:** European Review of Agricultural Economics; 2013, First published online: August 23, 2013

**Abstract:** This paper examines the dynamics of volatility across major global exchanges for corn, wheat and soybeans in the USA, Europe and Asia. We follow a multivariate GARCH approach and account for the potential bias that may arise when considering exchanges with different closing times. The results indicate that agricultural markets are highly interrelated and there are both own- and cross-volatility spillovers and dependence among most of the exchanges. In particular, Chicago plays a major role in terms of spillover effects over other markets.

Additionally, the level of interdependence between exchanges has only increased in recent years for some commodities.

**Note:** doi: 10.1093/erae/jbt020

**Database:** *Oxford Journals Online*

#### 14.

**Title:** [Some Factors Affecting Income in USA, China, and Turkey](#)

**Authors:** Coban, Zubeyir and Allahverdi, Fatima Zehra

**Source:** Journal of American Academy of Business, Cambridge; September 2013, Vol. 19 Issue 1, Pp. 134-140

**Abstract:** Is income affected by sex, household composition, marital status, and age? In this paper, this question will be addressed for each of the following countries: United States, China, and Turkey. US will be considered as the reference point; China is chosen because of its stark contrast with the US, and finally Turkey is chosen because it is situated such that it is a mixture of Western and Middle Eastern influences. There has not been much research conducted on gender gap within Turkey thus this paper will be one of the first. As for China, there has been research conducted, however, with the 2009 data that will be used for this paper, we will try to determine if China has become more westernized (capitalistic) after communism. This paper will also help determine if women earn lower income compared to men; this will help buttress previous findings. Results indicated that Turkey and China did not have any significant factors meaning that income was not influenced by sex, household composition, marital status, or age. The United States on the other hand portrayed significance for the age group (15-24), and married males were also found to earn more compared to all other categories. [PUBLICATION ABSTRACT]

**Database:** *ABI/INFORM Complete*

#### 15.

**Title:** [Pooling, tranching, and credit expansion](#)

**Authors:** Bougheas, Spiros

**Source:** Oxford Economic Papers; 2013, Advance Access, First published online: August 29, 2013

**Abstract:** Traditionally banks have used securitization for expanding credit and thus their profitability. It has been well documented that, at least before the 2008 crisis, many banks were keeping a high proportion of the securities that they created on their own balance sheets. Those securities retained included both the high-risk 'equity' tranche and the low-risk AAA-rated tranche. This article builds a simple model of securitization that accounts for the foregoing retention strategies. Banks in the model retained the equity tranche as skin in the game to mitigate moral hazard concerns whilst they post the low-risk tranche as collateral to take advantage of the yield curve. When variations in loan quality are introduced, the predicted retention strategies match well those found in empirical studies.

**Note:** doi: 10.1093/oep/gpt029

**Database:** *Oxford Journals Online*

#### 16.

**Title:** [Social Funds, poverty management and subjectification: beyond the World Bank approach](#)

**Authors:** Chakrabarti, Anjan and Dhar, Anup

**Source:** Cambridge Journal of Economics; September 2013, Vol. 37 Issue 5, Pp. 1035-1055

**Abstract:** Revisiting, from a Marxist perspective, the World Bank's discourse on Social Funds, we highlight three findings. One, Social Funds gets deployed in the context of a larger Third Worldist discourse of poverty management, which in turn helps deepen the logic of capitalist development. Two, generating a class-focused understanding of Social Funds (via the concept of social surplus), we argue that class processes and need processes constitute one another and through this conduit emerges a relation between global capital and the poverty alleviation programme of Social Funds. Lastly, interrogating the management approach underlying Social Funds leads us to question claims of decentralisation and participation. Our analysis exposes an underlying process of subjectification by way of a control mechanism exercised through the code of conduct encapsulated in that managerial approach.

**Note:** doi: 10.1093/cje/bes077

**Database:** *Oxford Journals Online*

17.

**Title:** [Dynamics of output and employment in the US economy](#)

**Authors:** Basu, Deepankar and Foley, Duncan K.

**Source:** Cambridge Journal of Economics; September 2013, Vol. 37 Issue 5, Pp. 1077-1106

**Abstract:** This article investigates the changing relationship between employment and real output in the US economy from 1948 to 2010 at the aggregate level and at some major industry grouping levels of disaggregation. Real output is conventionally measured as value added corrected for price inflation, but there are some industries in which no independent measure of value added is possible and existing statistics depend on imputing value added to equal income. Indexes of output that exclude these imputations are closely correlated with employment over the whole period and remain more closely correlated during the current business cycle. This analysis offers insights into deeper structural changes that have taken place in the US economy over the past few decades in a context marked by the following three factors: (i) the service (especially the financial) sector has grown in importance, (ii) the economy has become more globalised, and (iii) the policy orientation has increasingly become neo-liberal. We demonstrate an economically significant reduction in the coefficient relating employment growth to output growth over the business cycles since 1985. Some of this change is due to sectoral shifts towards services, but an important part of it reflects a reduction in the coefficient for the goods and material value-adding sectors.

**Note:** doi: 10.1093/cje/bes088

**Database:** *Oxford Journals Online*

18.

**Title:** [Do Infrastructure Reforms Reduce the Effect of Corruption? Theory and Evidence from Latin America and the Caribbean](#)

**Authors:** Wren-Lewis, Liam

**Source:** World Bank Economic Review; 2013. First published online: September 4, 2013

**Abstract:** This paper investigates the interaction between corruption and governance at the sector level. A simple model illustrates how both an increase in regulatory autonomy and privatization may influence the effect of corruption. The interaction is analyzed empirically using a fixed-effects estimator on a panel of 153 electricity distribution firms across 18 countries in Latin America and the Caribbean from 1995–2007. Greater corruption is associated with lower firm labor productivity, but this association is reduced when an independent regulatory agency is present. These results survive a range of robustness checks, including instrumenting for regulatory governance, controlling for a large range of observables, and using several different corruption measures. The association between corruption and productivity also appears weaker for privately owned firms compared to publicly owned firms, though this result is somewhat less robust.

**Note:** doi: 10.1093/wber/lht027

**Database:** *Oxford Journals Online*

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